

Pre-Application Workshop

2015 Industrial Natural Gas Research and Development Grant program

GFO-15-501

Energy Efficiency Research Office California Energy Commission September 14, 2015



Agenda

Time	Topic
2:00 p.m.	 Welcome and Introductions Housekeeping Background Solicitation Purpose, Goals, Funding Eligible Applicants Key Dates
2:15 p.m.	 Targeted Areas Attachment Overview Match Funding Proposal Approval Process
3:00 p.m.	Questions and Answers
3:30 p.m.	Meeting Adjourn



Housekeeping

- In case of emergency
- Facilities
- Muting of WebEx during presentation
- Q&A protocol
- Updates on Solicitation Documents and today's presentation can be found at:

http://www.energy.ca.gov/contracts/GFO-15-501/



Background

- The Natural Gas (NG) Research Program is funded by a natural gas surcharge established by the CPUC in 2005.
- The purpose of this program is to benefit the ratepayers of the three gas supplying Investor-Owned Utilities (IOU)*.
- Funded projects must promote greater natural gas reliability, lower costs, reduced GHG emissions and increased safety.
- Funded projects must lead to technological advancement and breakthroughs to overcome the barriers that prevent the achievement of the state's statutory energy goals.
- Annual program funds total \$24 million approximately.

*Pacific Gas and Electric Co., San Diego Gas and Electric Company and Southern California Gas Company



California Policy Drivers for Industrial, Agriculture and Water Efficiency RD&D

- Assembly Bill 32 (Global Warming Solutions Act of 2006).
- Integrated Energy Policy Report.
- California Public Utilities Commission, Energy Efficiency Strategic Plan.
- The Natural Gas Research, Development and Demonstration Plan for Fiscal year 2014-2015.



 $\frac{http://www.energy.ca.gov/2014publications/CEC-500-2014-037/CEC-500-2014-037.pdf}{037.pdf}$



Purpose of Solicitation

To fund demonstration of pre-commercial and emerging energy efficient technologies that can directly reduce natural gas use in California's industrial, agriculture and water/wastewater sectors.



Goals

To bring promising pre-commercial and emerging energy efficiency technologies and strategies, that are beneficial to the industrial, agriculture and/or water sectors, closer to market.

Pre-commercial technology: A technology that has not reached commercial maturity or been deployed at scales sufficiently large and in conditions sufficiently reflective of anticipated actual operating environments to enable the appraisal of operational and performance characteristics, or of financial risks.

Emerging technology: A technology that has significant energy savings potential but has not yet achieved sufficient market share to become self-sustaining or commercially viable.



Funding

- Up to \$6.8 million available
- Minimum request is \$500,000
- Maximum request is \$2,000,000





Eligible Applicants

- Public and private entities and individuals.
- Business Applicants are required to register with the California Secretary of State and be in good standing in order to enter into an agreement with the Energy Commission. http://www.sos.ca.gov
- All applicants must agree to the terms and conditions.

http://www.energy.ca.gov/research/contractors.html



Eligible Projects

- Must be pre-commercial or emerging technologies.
- All projects must have natural gas savings.
- Are beyond "proof of concept" stage.
- Are ready for demonstration.
- All project demonstrations must be in an IOU Service Territory.



Eligible Projects (continued)

- Must have completed field, lab, bench-scale, and/or pilot-scale tests in an industrial setting.
- Must have three months of measurement and verification data to show actual energy and cost savings and other benefits of the proposed technology.
- Projects that produce biogas as a substitute for natural gas are **not eligible**.





Key Dates



Activity	Action Date
✓ Solicitation Release	August 28, 2015
Pre-Application Workshop	September 14, 2015
DEADLINE FOR WRITTEN QUESTIONS	September 15, 2015 5 p.m.
Post Answers to Questions to Website	Week of September 28, 2015
DEADLINE TO SUBMIT PROPOSALS	October 29, 2015 at 3:00 pm
Post Notice of Proposed Award	December 2015
Anticipated Energy Commission Business Meeting Date	March 2016
Anticipated Agreement Start Date	April 2016
Agreement Termination Date	December 2019



Targeted Areas

Industrial Energy Efficiency

Examples: Waste heat recovery, Advanced low NOX burner

Food Processing Industry

Examples: Blanching, Frying, Pasteurization

Cement Industry

Examples: Clinker process improvement

Chemical Manufacturing Industry

Examples: Steam demand reduction

Glass Industry

Examples: Glass melting, refining and conditioning



Targeted Areas- Continued

Pharmaceutical Industry

Examples: Energy Management Systems

• Oil, Gas and Refinery Industry

Examples: Distillation Process, Hydrogen production process improvements



Attachment Overview

Every Applicant must complete and include the following Attachments:

1. Application Form	7. Budget
2. Executive Summary (limit 2 pages)	8. CEQA Compliance Form
3. Fact Sheet (limit two pages)	9. References and Work Product (two pages per project)
4. Project Narrative (limit 20 pages)	10. Contact List
5. Project Team (one page for each form and two pages each resume)	11. Commitment Letters (two pages per letter)
6. Scope of Work (includes 6a Project Schedule)	12. California Based Entities (CBE) Form
	15



Project Narrative (Attachment 4)

- Project Narrative form follows proposal Scoring Criteria beginning on page 24 of the Grant Manual.
- Complete the form by providing a detailed description of the proposed project(s) and provide the information requested in each of the following areas:
 - 1. Technical Merit and Need
 - 2. Technical Approach
 - 3. Impacts and Benefits for California IOU Ratepayers
 - 4. Team Qualifications, Capabilities and Resources
 - 5. Budget and Cost Effectiveness
 - **6.** Funds Spent in California (Attachment 7- Budget)
 - 7. Ratio of Unloaded Labor Rates to Loaded Labor Rates
 - 8. Match above the 25% minimum (optional)
 - 9. California Based Entities (CBE)
- Provide enough detail so that reviewers will be able to evaluate the proposal against each of the scoring criteria.



Scope of Work (Attachment 6)

- Ensure that the problem/Solution Statement and Goals and Objectives are consistent with the Project Narrative
- All task 1 items are mandatory; do not revise
 - Task 1: General Project Tasks
 - Task TBD-1 Evaluation of Project Benefits
 - Task TBD-2 Technology/Knowledge, Transfer Activities
 - Task TBD-3 Production Readiness Plan-only applicable to agreements that fund the development of products that may be commercialized
- Task 2 are the technical tasks
 - Indicate specific tasks in the "Recipient Shall" section (these should be major items)
 - "Products" are documents, plans and reports (tangible items that can be submitted to the Energy Commission)
 - "Products" are not equipment and other items that cannot be delivered and stored at the Energy Commission.



Budget (Attachment 7)

Every Applicant and Major Subcontractor must complete and include the budget forms for its team

- Category Budget (Funds spent in CA & CBE's)
- Task Budget
- Direct Labor

Don't delete sheets or rows; use the hide/expand function

- Fringe Benefits
- Travel, Equipment, Materials & Misc., and Subcontractors
- Indirect Cost and Profit (Applicant excluded from Profit)
- Rates Summary

The Applicant must submit information on <u>all</u> of the attached budget forms, and this will be deemed the equivalent of a formal Cost Application.



Eligible Expenses (See Budget, Attachment 7)

- Equipment
- Installation
- Site preparation
- Monitoring and verification of energy savings and other benefits (post-installation)
- Operations and maintenance
- All tasks identified in the Statement of Work





Funds Spent in California

- Funds Spent in California compared to Funds Requested.
- Direct Labor to individuals who pay State income taxes.
- Business Transactions with businesses located in California.

Percentage of PIER Natural Gas funds spent in CA (derived from budget attachment "Category Budget")	Percentage of Possible Points (Out of 15 Points)
≥ 60% to < 70%	20%
≥ 70% to < 80%	40%
≥ 80% to < 90%	60%
≥ 90% to < 100%	80%
=100%	100%



California Based Entities

- Has its headquarters or an office in California AND manufactures in California the product that is the subject of the award; OR
- Has an office for the transaction of business in California AND substantially manufactures the product or substantially performs the research within California that is the subject of the award.

Percentage of PIER Natural Gas Funds Allocated to CBEs (derived from budget attachment "Category Budget")	Percentage of Possible Points
≥ 60% to < 70%	20%
≥ 70% to < 80%	40%
≥ 80% to < 90%	60%
≥ 90% to < 100%	80%
=100%	100%



CEQA Compliance Form(Attachment 8)

- This form **MUST** be completed regardless of whether the proposed activity is considered a "project" as defined in Attachment 8.
- Here are some things to consider:
 - Physical aspects of the project (i.e. trenching).
 - Location of project sites.
 - Potential environmental impacts.
 - Discretionary permits.
- All CEQA documents must be completed by the CEC Business Meeting.



Commitment Letters (Attachment 11)

Commitment letters are required for:

- **Match funding.** Commitment letter to be signed by each representative of the entity or individual that is committing to providing match funding. Letter must: (1) identify the source(s) of the funds; and (2) guarantee the availability of the funds for the project
- **Demonstration site.** Commitment letters to be signed by an authorized representative of each proposed demonstration site.
- **Project partner.** Commitment letters for those making contributions other than match funding or demonstration site. Letter must be signed by an authorized representative and: (1) identifies how the partner will contribute to the project; and (2) commits to making the contribution.



Project Match Funds

- Minimum match funding required = 25% of the funds requested
- Match funding includes: cash in hand, equipment, materials, information technology services, travel, subcontractor costs, contractor in-kind labor, advanced practice costs.
 - Refer to Section 1, item E of the Grant Manual, pages 4-5 for eligible sources of match funding
- Match funding sources include those from the prime contractor, subcontractors, and demonstration sites (e.g., demonstration site staff services).
- Commitment letters are required from all match fund contributors (see requirements in Attachment 11)



Match funds Exceeding 25% Minimum

- Applicants that provide more than the 25% of the required match will receive **additional points** (see Criterion 8 Match Funding above the 25% Minimum, page 28 of the Grant Manual).
- Additional points are applied only for those that achieve a minimum score of 70 in criteria 1-7 (pages 24-28).
- Up to 10 points may be awarded based on the amount and commitment of the provider.
- Commitment letters are required from all match fund contributors (see commitment letter requirements in Attachment 11).



Proposal Approval Process

Consists of Two Stages

- Stage 1 Proposal Screening (Section E, page 22)
- Stage 2 Proposal Scoring (Section F, pages 23-29)



Proposal Screening

Proposal Screening Process

- 1. Energy Commission staff screens applications per criteria listed in the Grant Manual on page 22.
- 2. Criteria is evaluated on a pass/fail basis.
 - Applicants must pass <u>all</u> screening criteria or the applicant will be disqualified.



Reasons for Failing Screening

- Application not signed.
- Applicant does not address an eligible target funding area.
- Applicant's requested funds exceed maximum grant limit.
- Applicant does not identify a demonstration site.
- Applicant did not include 25% required match funds.
- Applicant does not include commitment letters (site and/or match).
- Application does not follow specified format.
- Applicant has not identified independent, third party M&V (post-installation).
- Proposal contains confidential material.



How will my application be evaluated?

- Evaluation Committee applies the scoring scale to the scoring criteria
- A minimum passing score of 70% is required for criteria 1 to 4 equivalent to a score of 49 points in order to be considered for funding, and
- A total minimum passing score of 70 out of 100 points is needed for all criteria (1 to 7)
- Applicants must review the Evaluation and Award Process section of the solicitation and ensure that their application provides a clear and complete response to each scoring criteria in the project narrative.

Scoring Criteria (page 23-29)	Maximum Points		
1. Technical Merit and Need	20		
2. Technical Approach	20		
3. Impacts and Benefits to California IOU Ratepayers	20		
4. Team Qualifications, Capabilities & Resources	10		
5. Budget Cost Effectiveness	10		
6. NG Funds Spent in California	15		
7. Ratio of Direct Labor and Fringe Benefit Rates to Loaded Labor Rates	5		
Total	100		
Minimum points to pass	70		



What is the technical scoring scale?

% of Possible Points	Interpretation	Explanation for Percentage Points
0%	Not Responsive	 The response does not include or fails to address the criteria. The omission(s), flaw(s), or defects() are significant and unacceptable.
10-30%	Minimally Responsive	 The response minimally addresses the criteria. The omission(s), flaw(s), or defect(s) are significant and unacceptable.
40-60%	Inadequate	 The response addresses the criteria. There are one or more omissions, flaws, or defects or the criteria are addressed in a limited way that results in a low degree of confidence in the proposed solution.
70%	Adequate	 The response adequately addresses the criteria. Any omission(s), flaw(s), or defect(s) are inconsequential and acceptable.
80%	Good	 The response fully addresses the requirements being scored with a good degree of confidence in the applicant's response or proposed solution. There are no identified omission(s), flaw(s), or defect(s). Any identified weaknesses are minimal, inconsequential, and acceptable.
90%	Excellent	 The response fully addresses the criteria with a high degree of confidence in the applicant's response or proposed solution. The applicant offers one or more enhancing features, methods, or approaches that exceed basic expectations.
100%	Exceptional	 All requirements are addressed with the highest degree of confidence in the applicant's response or proposed solution. The response exceeds the requirements in providing multiple enhancing features, a creative approach, or an exceptional solution.



Grounds for Rejection

The Energy Commission reserves the right to disqualify an application for the following reasons:

- Application contains false or misleading statements
- Application is intended to mislead the State in its evaluation
- The application does not comply with the solicitation requirements
- The application contains confidential information
- Applicant is not in compliance with royalty provisions from previous Energy Commission awards
- Applicant has received unsatisfactory evaluations from the Energy Commission or another California state agency
- Applicant has not demonstrated financial capability to complete the project
- Applicant is a business that is not in good standing with the California Secretary of State



Questions and Answers

Please send all GFO related questions in written form to:

Janna Franks
Commission Agreement Officer

janna.franks@energy.ca.gov

Deadline to submit questions is 5:00 PM PDT, September 15, 2015!